

**A Message From Social Security:**

The retirement earnings test has changed for people who will be age 65 or older after 1999. We are revising this publication to reflect changes in the retirement earnings test. In the meantime, information on how the change affects the retirement test can be found at <http://www.ssa.gov/retire/whileworking.htm>

# *Social Security*

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Facts And  
Figures



## BENEFIT INCREASES SINCE 1939

EFFECTIVE DATE	AMOUNT (PERCENTAGE)
9/50	77
9/52	12.5
9/54	13
1/59	7
1/65	7
2/68	13
1/70	15
1/71	10
9/72	20
6/74	11 (7% effective 3/74) <sup>1</sup>
6/75	8
6/76	6.4
6/77	5.9
6/78	6.5
6/79	9.9
6/80	14.3
6/81	11.2
6/82	7.4
12/83	3.5
12/84	3.5
12/85	3.1
12/86	1.3
12/87	4.2
12/88	4.0
12/89	4.7
12/90	5.4
12/91	3.7
12/92	3.0
12/93	2.6
12/94	2.8
12/95	2.6
12/96	2.9
12/97	2.1

<sup>1</sup>Cost-of-living increase delayed 6 months; future increase to be on calendar year basis

## RETIREMENT TEST

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1/40-8/50	\$14.99 a month
9/50-8/52	\$50.00 a month <sup>1</sup>
9/52-12/54	\$75.00 a month <sup>1</sup>
1955-58	\$1,200 a year (\$80 a month) <sup>1</sup>
1959-65	\$1,200 a year (\$100 a month)
1966-67	\$1,500 a year (\$125 a month)
1968-72	\$1,680 a year (\$140 a month)
1973	\$2,100 a year (\$175 a month)
1974	\$2,400 a year (\$200 a month)
1975	\$2,520 a year (\$210 a month)
1976	\$2,760 a year (\$230 a month)
1977	\$3,000 a year (\$250 a month)

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In 1978, the monthly test was eliminated. Two annual exempt amounts were established (one for beneficiaries under age 65 and one for beneficiaries age 65 through 69).

	<b>Under 65</b>	<b>65-69</b>
1978	\$3,240	\$4,000
1979	\$3,480	\$4,500
1980	\$3,720	\$5,000
1981	\$4,080	\$5,500
1982	\$4,440	\$6,000
1983	\$4,920	\$6,600
1984	\$5,160	\$6,960
1985	\$5,400	\$7,320
1986	\$5,760	\$7,800
1987	\$6,000	\$8,160
1988	\$6,120	\$8,400
1989	\$6,480	\$8,800
1990	\$6,840	\$9,360
1991	\$7,080	\$9,720
1992	\$7,440	\$10,200
1993	\$7,680	\$10,560
1994	\$8,040	\$11,160
1995	\$8,160	\$11,280
1996	\$8,280	\$12,500
1997	\$8,640	\$13,500
1998	\$9,120	\$14,500

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<sup>1</sup>For self-employed \$600 a year in 1951; \$900 a year 1952-54. Starting in 1955, annual exempt amount same as for wage earners.

## NO EARNINGS LIMITS

Age 75, effective 9/50

Age 72, effective 1/55

Age 70, effective 1/83

## COVERAGE

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EMPLOYMENT IN THE UNITED STATES	YEAR
Agriculture	
Farm labor, including domestics	1951
Farmers—self-employed	1955
Domestic service	1951
Federal government	
Civilians not under civil service retirement	1951
Uniformed services <sup>1</sup>	1957
Federal employees hired after 12/31/83; legislative branch employees not covered by civil service system 12/31/83; members of Congress; the President; the Vice President; sitting federal judges; most political appointees; non-career SES	1984
State and local government	
Elective	
Not under a state or local retirement system	1951

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<sup>1</sup>In addition to credit for basic pay, non-contributory wage credits of \$300 a quarter are granted for active duty in 1957 and later; \$100 for each \$300 in annual earnings to maximum credit of \$1,200 effective 1/78.

Under a state or local retirement system <sup>2</sup>	1955
Termination prohibited; terminated entities can re-enter system	1983
Compulsory	
Not under a state or local retirement system	1991
Nonprofit institutions—elective	1951
All mandatorily covered	1984
Ministers (covered as self-employed)	
Individual election	1955
Compulsory <sup>3</sup>	1968
Railroads—service less than 10 years covered by transfer of credits	1951
Tips—cash tips of \$20 or more in a month from one employer	1966
Vow of poverty members of religious orders—if order elects to cover lay employees and members of the order	1972

#### EMPLOYMENT OUTSIDE THE UNITED STATES

Puerto Rico	1951
Virgin Islands	1951
By American citizen for American employer	1951
By American citizen for foreign subsidiary of American employer	1955
On American ships and aircraft	1951
Guam	1961
American Samoa	1961

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<sup>2</sup>Excludes police officers, except in specified states.

<sup>3</sup>May obtain exemption on grounds of conscience or religious principles.

SELF-EMPLOYMENT— EXCEPT AS INDICATED	1951
Farmers	1955
Materially participating farmers	1956
Professional groups, excluding lawyers, dentists, doctors and other medical groups	1955
Ministers—elective	1955
Compulsory <sup>3</sup>	1968
Lawyers, dentists and other medical groups, excluding doctors of medicine	1956
Doctors of medicine	1965
American citizens employed in United States by foreign government (covered as self-employed)	1961

#### SOCIAL SECURITY CREDITS

One credit of coverage for each \$250 in annual earnings to maximum of four	1978
for each \$260	1979
for each \$290	1980
for each \$310	1981
for each \$340	1982
for each \$370	1983
for each \$390	1984
for each \$410	1985
for each \$440	1986
for each \$460	1987
for each \$470	1988
for each \$500 <sup>4</sup>	1989
for each \$520	1990
for each \$540	1991
for each \$570	1992
for each \$590	1993
for each \$620	1994
for each \$630	1995
for each \$640	1996
for each \$670	1997
for each \$700	1998

<sup>3</sup>May obtain exemption on grounds of conscience or religious principles.

<sup>4</sup>Will rise in future years in relation to increases in average earnings.

# EFFECTIVE EARNINGS BASE AND ACTUAL TAX RATE

BEGIN- NING	ANNUAL EARNINGS BASE	TAX RATE (PERCENT)					TAX RATE (PERCENT)					MAXIMUM TAX
		EMPLOYER AND EMPLOYEE, EACH					SELF-EMPLOYED					
		TOTAL	OASI	DI	HI	MAXIMUM TAX	TOTAL	OASI	DI	HI	MAXIMUM TAX	
1937	\$ 3,000	1.0	1.0			30.00						
1950	3,000	1.5	1.5			45.00						
1951	3,600	1.5	1.5			54.00	2.25	2.25			81.00	
1954	3,600	2.0	2.0			72.00	3.0	3.0			108.00	
1955	4,200	2.0	2.0			84.00	3.0	3.0			126.00	
1957	4,200	2.25	2.0	0.25		94.50	3.375	3.0	0.375		141.75	
1959	4,800	2.5	2.25	.25		120.00	3.75	3.375	.375		180.00	
1960	4,800	3.0	2.75	.25		144.00	4.5	4.125	.375		216.00	
1962	4,800	3.125	2.875	.25		150.00	4.7	4.325	.375		225.60	
1963	4,800	3.625	3.375	.25		174.00	5.4	5.025	.375		259.20	
1966	6,600	4.2	3.5	.35	0.35	277.20	6.15	5.275	.525	0.35	405.90	
1967	6,600	4.4	3.55	.35	.5	290.40	6.4	5.375	.525	.5	422.40	
1968	7,800	4.4	3.325	.475	.6	343.20	6.4	5.0875	.7125	.6	499.20	
1969	7,800	4.8	3.725	.475	.6	374.40	6.9	5.5875	.7125	.6	538.20	
1970	7,800	4.8	3.65	.55	.6	374.40	6.9	5.475	.825	.6	538.20	
1971	7,800	5.2	4.05	.55	.6	405.60	7.5	6.075	.825	.6	585.00	
1972	9,000	5.2	4.05	.55	.6	468.00	7.5	6.075	.825	.6	675.00	
1973	10,800	5.85	4.3	.55	1.0	631.80	8.0	6.205	.795	1.0	864.00	
1974	13,200	5.85	4.375	.575	.9	772.20	7.9	6.185	.815	.9	1,042.80	
1975	14,100	5.85	4.375	.575	.9	824.85	7.9	6.185	.815	.9	1,113.90	
1976	15,300	5.85	4.375	.575	.9	895.05	7.9	6.185	.815	.9	1,208.70	
1977	16,500	5.85	4.375	.575	.9	965.25	7.9	6.185	.815	.9	1,303.50	
1978	17,700	6.05	4.275	.775	1.0	1,070.85	8.1	6.01	1.09	1.0	1,433.70	
1979	22,900	6.13	4.33	.75	1.05	1,403.77	8.1	6.01	1.04	1.05	1,854.90	
1980	25,900	6.13	4.52	.56	1.05	1,587.67	8.1	6.01	1.04	1.05	2,097.90	
1981	29,700	6.65	4.7	.65	1.3	1,975.05	9.3	6.7625	1.2375	1.3	2,762.10	
1982	32,400	6.7	4.575	.825	1.3	2,170.80	9.35	6.8125	1.2375	1.3	3,029.40	
1983	35,700	6.7	4.575	.825	1.3	2,391.90	9.35	7.1125	.9375	1.3	3,337.95	
1984	37,800	7.0 <sup>1</sup>	5.2	.5	1.3	2,532.60	14.0 <sup>2</sup>	10.4	1.0	2.6	4,271.40	
1985	39,600	7.05	5.2	.5	1.35	2,791.80	14.1 <sup>2</sup>	10.4	1.0	2.7	4,672.80	
1986	42,000	7.15	5.2	.5	1.45	3,003.00	14.3 <sup>2</sup>	10.4	1.0	2.9	5,166.00	
1987	43,800	7.15	5.2	.5	1.45	3,131.70	14.3 <sup>2</sup>	10.4	1.0	2.9	5,387.40	
1988	45,000	7.51	5.53	.53	1.45	3,379.50	15.02 <sup>2</sup>	11.06	1.06	2.9	5,859.00	
1989	48,000 <sup>1</sup>	7.514	5.53	.53	1.45	3,604.80	15.02 <sup>2</sup>	11.06	1.06	2.9	6,249.60	
1990	51,300	7.65	5.6	.6	1.45	3,924.45	15.3 <sup>3</sup>	11.2	1.2	2.9	7,848.90	
1991	53,400	7.65	5.6	.6	1.45	5,123.30	15.3 <sup>3</sup>	11.2	1.2	2.9	10,246.60	
1992	55,500	7.65	5.6	.6	1.45	5,328.90	15.3 <sup>3</sup>	11.2	1.2	2.9	10,657.80	
1993	57,600 <sup>4</sup>	7.65	5.6	.6	1.45	5,528.70	15.33	11.2	1.2	2.9	11,057.40	
1994	60,600 <sup>4,5</sup>	7.65	5.6	.6	1.45	<sup>4</sup> 15.3 <sup>3</sup>	11.2	1.2	2.9	<sup>4</sup>	<sup>4</sup>	
1995	61,200	7.65	5.6	.6	1.45	15.3 <sup>3</sup>	11.2	1.2	2.9			
1996	62,700	7.65	5.6	.6	1.45	15.3 <sup>3</sup>	11.2	1.2	2.9			

<sup>1</sup>Employees receive a one-time credit of 0.3% for 1984.

<sup>2</sup>Self-employed people receive credit of 2.7% for 1984, 2.3% for 1985, and 2.0% for 1986-1989.

<sup>3</sup>Self-employed receive special tax deductions to reduce tax liability.

<sup>4</sup>In 1994, the Medicare portion (1.45%) continued to be withheld on earnings between \$60,601 and \$135,000.

Starting in 1994, the Medicare portion is withheld on all earnings so a maximum tax can't be computed.

<sup>5</sup>Base will increase automatically in the future to keep pace with rises in average wage levels.



## BENEFITS

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TYPE	EFFECTIVE DATE
Retired worker and wife (both 65 or older)	1/40
Child under 18 of retired or deceased worker	1/40
Widowed mother at any age	1/40
Dependent parent, 65 or older, of deceased worker	1/40
Wife under 65 caring for eligible child	9/50
*Dependent husband 65 or older	9/50
*Dependent widower 65 or older	9/50
Divorced wife of deceased worker if caring for eligible child	9/50
Reduced benefits for women at 62	11/56
Adult disabled since childhood (before 18)	1/57
Disability benefits at 50 or older	7/57
Monthly benefits for DIB dependents	9/58
Parent benefits regardless of other survivors	9/58
Disability benefits to worker at any age	11/60
Reduced benefits for male worker at 62	8/61
*Reduced benefits for dependent husband at 62	8/61
*Reduced benefits for dependent widow or widower at 62	8/61

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\*Dependency requirements not applicable effective 3/77

TYPE	EFFECTIVE DATE
Reduced benefits for dependent parent at 62	8/61
Benefits to student 18-22	1/65
Reduced benefits at 60 to aged widow	9/65
**Divorced wife or widow at 62 if married to worker 20 years and dependent	9/65
Benefits to transitionally insured worker 72 or older and to his wife or widow 72 or older	9/65
Special payments to worker and wife at 72 or older	10/66
Medicare hospital insurance and medical insurance (except extended care benefits which were effective 1/67)	7/66
*Benefits for disabled widows, dependent widowers and surviving divorced wives at 50 or older	2/68
*Benefits to dependent widower at 60	1/73
Adult disabled since childhood (before 22)	1/73
Benefits for certain grandchildren	10/72
Medicare for people getting disability checks at least two years	7/73
Federally administered Supplemental Security Income program for needy aged, blind or disabled	1/74

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\*Dependency requirements not applicable effective 3/77

\*\*Duration requirement reduced to 10 years 1/79

TYPE	EFFECTIVE DATE
Automatic cost-of-living increase began	1/75
Widowed fathers at any age	3/75
**Divorced husbands	8/76
Unreduced benefits for widows, widowers who remarry after age 60	1/79
Two retirement tests established: retiring before age 65, retiring after 65	1/78
Monthly test eliminated except for year of retirement	1/78
Spouse's benefit offset by amount of public pension based on non-covered work; five-year exception applies mainly to women	12/77
Exception applies only to dependent spouse	12/82-6/83
Offset applied to two-thirds of pension	7/83
Husband with child in care	12/78
Disability family maximum limited	7/80
Drop-out years limited for disabled workers under 47	7/80
Benefits to disabled workers suspended if disability occurred while committing a felony or during incarceration	10/80
Child care drop-out years for disabled workers	7/81
Benefits payable only for full months of eligibility	9/81

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\*\*Duration requirement reduced to 10 years 1/79

TYPE	EFFECTIVE DATE
Lump sum payable only to “living with” spouse; entitled spouse; entitled child	9/81
Worker’s compensation offset extended to other public disability payments; also to workers 62-64	9/81
***Benefits to parent with child in care terminate when youngest child attains 16	9/81
Statutory minimum benefit eliminated	12/81
Benefits to post-secondary students curtailed	5/82
Benefits to post-secondary students phased out	4/85
Student benefits terminate at 19 for elementary, secondary school students	8/82
Payment of OASDI benefits to convicted felons prohibited while they are in prison	5/83
One-month retroactivity for reduced widow(ers) benefits	5/83
Unreduced benefit for surviving divorced spouse who remarries after 60; and for disabled widow(er) or surviving divorced spouse 50-59	1/84
Benefits to disabled widow(er), surviving divorced spouse increased to 71.5 percent of PIA	1/84
Up to half of benefits includable in taxable income	1984
Benefits payable to divorced spouse at 62 regardless of worker’s entitlement	1/85

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\*\*\*Two-year grace period for beneficiaries entitled in 8/81

TYPE	EFFECTIVE DATE
Benefit reduced for workers who receive pension based on non-covered work	1986
Medicare catastrophic protection	1989
Medicare catastrophic protection repealed	1/90
Medicare tax base limit eliminated	1/94
SSI payments suspended for recipients incarcerated for a full calendar month or more	2/95
Representative payee required for persons receiving disability because of drug addiction or alcoholism	3/95
Disability must be based on other than drug addiction or alcoholism	3/96
One half dependency test for initial entitlement as a stepchild; termination of stepchild based on parents' divorce	7/96
SSI eligibility limited to U.S. citizens or nationals and certain aliens	8/96
Full-benefit retirement age increases gradually to 67; age 62 benefit rate 70 percent of age 67 PIA	2000-27



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